

# Our earnings are up 55% over 2007.

Dear Fellow Shareholders:

We are pleased to report that net earnings before taxes increased 55% to \$486.7 thousand in the first quarter of 2008, up from \$313.5 thousand in 2007. Strong growth in our loan portfolio and our popular new checking product were the primary drivers of this increase.

In the first three months of 2008, our loan portfolio grew 6% to \$91.6 million, up from \$86.6 million at December 31, 2007. (For more information, see inside: "LPOs Drive Growth.")

Equally exciting, our newest product, Prosperity Checking, experienced exponential growth starting at its launch on January 1, 2008. It ended the quarter with \$5.9 million in deposits, contributing to an \$880,000, or 1%, increase in overall deposits. To us, a primary advantage of Prosperity Checking is that it encourages customers to deposit more of their money with us, increasing our interest income. Based on the accounts opened so far, we are projecting a 236% increase in annualized profit for each account over traditional free checking accounts.

We hope you will review the rest of this update for more information about our first-quarter performance.

Best Regards,

J. D. Nichols  
*Chairman*

Troy M. Robinson  
*President & CEO*

**BT Holdings**

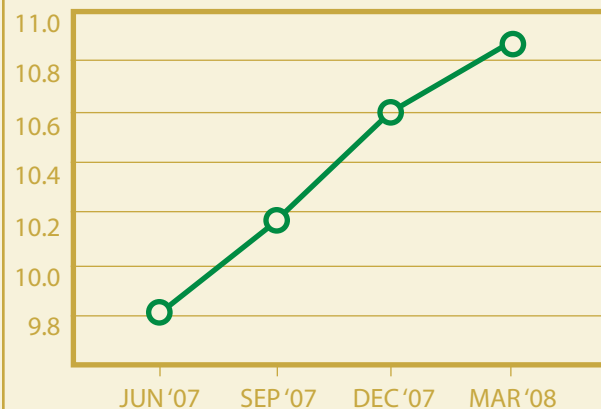
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## Book Value Per Share BT HOLDINGS, INC.



## First-Quarter Financial Highlights BANKTEXAS, N.A.

	2008	2007
Assets	\$171,307	\$155,199
Loans	91,558	80,458
Investment Securities	66,937	63,839
Deposits	133,540	128,603
Shareholder Equity	16,803	14,499

*(Dollars in thousands)*

## What's New this Quarter?

### NEW BANK STORE IN KILGORE

We are pleased to announce that we will open a new "bank store" office in Kilgore. This office will be located in a high-traffic, mixed-use commercial facility alongside a convenience store, gas station, and restaurant.

Our Kilgore location is being designed to be very similar to our new Lindale "Bank Store," although in a smaller footprint. Like Lindale, the Kilgore store will feature electronic signage and a "concierge-style" teller bar.

Construction has already begun and we expect the office to open in Winter 2008.

### LPOs DRIVE GROWTH

Much of our 6% loan growth is due to our new Loan Production Offices (LPOs), which are making commercial, real estate, and land loans.

Our LPOs in Tyler and Longview opened in the last quarter of 2007. Our strategy for these offices was to hire experienced local lenders who already knew the community and could take advantage of the growth there from day one. (In fact, both of these areas are growing rapidly.)

We have also hired the lender who will manage our Lindale office and are pleased with pre-opening results there.

## BT Holdings, Inc.

### PARENT-ONLY FINANCIAL STATEMENT

March 31, 2008 (Unaudited)

#### ASSETS

Cash	\$111,507
Investment in Subsidiary	18,032,681
Goodwill	12,311,715
Other assets	242,815
<b>Total Assets</b>	<b>\$30,698,718</b>

#### LIABILITIES & EQUITY

Current Liabilities	\$53,279
Debentures Payable	217,000
Trust Preferred Security	7,000,000
<b>Total Liabilities</b>	<b>7,270,279</b>
Capital Stock	2,155,090
Paid-in-Capital	20,485,440
Net Income	274,343
Unrealized Gain on Securities	513,566
<b>Total Equity</b>	<b>23,428,439</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$30,698,718</b>

#### INCOME STATEMENT (Year-to-Date)

March 31, 2008

Dividend Income	\$181,944
Interest Income	3,778
Undistributed Income	226,830
<b>Total Income</b>	<b>412,552</b>
Interest Expense	125,648
Operating Expense	12,561
<b>Total Expense</b>	<b>138,209</b>
<b>Net Ordinary Income</b>	<b>\$274,343</b>
<b>Earnings Per Share</b>	<b>12.73¢</b>